

# **HEALTH SERVICES AND DEVELOPMENT AGENCY**

## **MINUTES \***

**February 25, 2015**

### **AGENCY MEMBERS PRESENT**

Doolittle, Robert S., Vice-Chair  
Wright, James  
Burns, Charlotte  
Byrd, Claudia  
Fleming, Martin, M.D.  
Flora, Mark, M.D.  
Mills, Thom  
Wright, James  
Gaither, Keith, designee for the TennCare Director  
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance  
Austin, Jaclyn, designee for the Comptroller of the Treasury

### **AGENCY MEMBERS ABSENT**

Johnson, D. Lynn, Chair  
Byrd, Claudia

### **AGENCY STAFF PRESENT**

Hill, Melanie, Executive Director  
Ausbrooks, Mark Administrative Assistant I  
Bobbitt, Melissa, Administrative Services Assistant III  
Christoffersen, Jim, General Counsel  
Craighead, Alecia, Statistical Analyst III  
Earhart, Phillip, HSD Examiner  
Farber, Mark, Deputy Director  
Finchum, Rhonda, Administrative Officer  
Grimm, Jeff, HSD Examiner

### **COURT REPORTER**

Deen, Meschelle Manley

### **GUESTS PRESENT**

Acree, Neal, Health Services Management Group, LLC  
Andrew McGill, Vice President Strategy, Memorial Health Care System  
Arnetta, Nancy, M.D., Your Family Clinic  
Baker, Graham, Jr., Esq., Weeks and Anderson  
Bayles, Julia, Assistant Director, Division of Health Planning, Department of Health  
Bouldin, Jennifer, Administrator, Overton County Nursing Home  
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP  
Brewer, Herbert  
Canan, Kelli, CON Project Manager, Health Services Management Group, LLC  
Culp, Joe, CON Program, TDH  
Curtis, Sandra P., Director Strategic Planning, Memorial Health Care System  
Dittmar, Kathy, Memorial Health Care System  
Duncan, Bruce, Assistant Vice President, National HealthCare Corporation  
Elrod, Dan H., Esq., Butler Snow  
Felts, Ginna, Business Development, Vanderbilt University Medical Center  
Gooch, Warren L., Esq., Kramer Rayson, LLP

Hadfield, Chelsey, Esq., Bradley Arant Boult Cummings, LLP  
Kaestner, Todd, Williamson County, Commissioner  
Lunn, Rodney, CEO, PhyBus, LLC  
Maxwell, G. Patrick, M.D.  
Merville, LaDonna, Vice President, Hospital Alliance of Tennessee  
Park, Stephanie, Contoller, Health Services Management Group, LLC  
Reed, Ann, R., RN, BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities  
Reed, Pamela, Administrator, Waynesboro Health & Rehabilitation Center  
Rich, Jason, Mayor, Wayne County  
Sansing, Trent, CON Director, TDH  
Tyler, Ray, Health Services Management Group, LLC

### **ROLLCALL TO ESTABLISH QUORUM**

Mr. Doolittle, Vice Chair, requested roll call to establish a quorum at the AT&T Tower, Main Auditorium at 8:30 a.m.

PRESENT: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming,

Nine members present.

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Instructions were provided for those providing testimony on the scheduled agenda items;
- 2) Number of applications scheduled for upcoming meetings -- 10 for March, 0 in April, and 3 for May;
- 3) Agenda Item B-Southern Hills Surgery Center, CN1411-047, was granted a one-month deferral to the March meeting.
- 4) Meeting locations – Meetings through May or June will be held at the AT& T Tower. Agency meetings will be held at Legislative Plaza once the General Assembly adjourns. There will be no meeting in April.
- 5) Ms. Bobbitt will retire from State service in March. A retirement celebration will be held at the HSDA Office on March 18 with everyone welcome.

### **APPROVAL OF MINUTES**

Mr. Doolittle presented September 24, 2014 minutes for approval.

Mr. Wright moved for approval of the minutes as presented. Ms. Burns seconded the motion. The motion CARRIED [9-0-0]. **APPROVED by unanimous voice vote**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming

NAY: None

### **STATE HEALTH PLAN UPDATE**

Julia Bayles, Assistant Director, Division of Health Planning, Department of Health, presented a brief update as follows:

1. 2014 State Health Plan-The plan is complete. Commissioner Dreyzehner will submit the plan to Governor Haslam for final approval.
2. 2015 State Health Plan- The division is currently reviewing the criteria and standards for inpatient psychiatric bed services. It welcomes recommendations for other standards to be reviewed this year.

3. Joint Annual Report (JAR) Review Group- The Hospital JAR review group will hold its final meeting in April. A group will be convened shortly to start the home health JAR review.
4. The Department of Health will provide a letter regarding the two intrathecal pump applications being heard in March.

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON Applications:*

#### **Waynesboro Health & Rehabilitation Center - (Waynesboro, Wayne County), TN - Project No. CN1411-045**

The relocation and replacement of Wayne Care Nursing Home located at 505 South Main Street, Waynesboro (Wayne County), TN, a 46-bed nursing facility, and the construction of an addition to Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home), a 109-bed nursing facility located at 104 J.V. Mangubat Drive, Waynesboro (Wayne County), TN 38485. The project will combine the two licensed facilities into one licensed nursing facility by closing the 46-bed facility at 505 Main Street and combining the beds by construction of an addition to the existing 109-bed facility at 104 J.V. Mangubat Drive. Upon completion, Waynesboro Health and Rehabilitation Center will house the combined 155-bed nursing facility, which will become dually certified for participation in Medicare and Medicaid and will include an 18-bed designated Memory Care Unit. The service area is Wayne County. The estimated project cost is \$5,658,318.00.

Michael D. Brent, Esq., addressed the Agency on behalf of the applicant. Speaking in support were: Jason Rich, Mayor, Wayne County; Herbert Brewer; and Nancy Arnetta, M.D., Your Family Clinic. Responding to questions by members was Pamela Reed, Administrator, Waynesboro Health & Rehabilitation Center. Present in support were: Kelli Canan, CON Project Manager, Health Services Management Group, LLC; Ray Tyler, Health Services Management Group, LLC; Neal Acree, Health Services Management Group, LLC; Stephanie Park, Contoller, Health Services Management Group, LLC; and Chelsey Hadfield, Esq., Bradley Arant Boulton Cummings, LLP.

Summation waived.

Mr. Wright moved for approval of the project for the relocation and replacement of Wayne County Nursing Home, a 46-bed unit that is currently not in operation, to Waynesboro Health Care and Rehabilitation Center, a 109 bed facility, combining these two into one project for a total of 155 dually certified nursing home beds based on: 1) Need – The need is justified by replacement of the outdated, inadequate Wayne Care facility that is not conducive to renovation, and thereby requiring replacement, and by renovating the Waynesboro Health and Rehab Center by converting ward beds into a therapy space, and by providing an Alzheimer's and dementia care unit, and SNF beds; 2) Economic Feasibility – The project is economically feasible through the commercial loan that is in place; and 3) The project does contribute to the orderly development of adequate and effective health care by providing the replacement of nursing home beds that are currently not in service and by providing specialized Alzheimer's and dementia care and SNF care that are not currently available in the area, in a new and renovated, updated environment and combining the two campuses will achieve economies of scale that are more financially and operationally efficient. Ms. Burns seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming

NAY: None

#### **Southern Hills Surgery Center - (Brentwood, Davidson County), TN - Project No. CN1411-047**

The relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is \$17,357,832.00.

**DEFERRED TO THE MARCH MEETING**

## **GENERAL COUNSEL'S REPORT**

*Jim Christoffersen summarized the following CON modification requests:*

### **Memorial Hospital Ooltewah Satellite Cancer Center with Linear Accelerator - (Ooltewah, Hamilton County), TN - Project No. CN1202-004A.**

*Ms. Burns recused.*

Request for a two year extension of the expiration date from July 1, 2015 to July 1, 2017. The project was originally approved on May 23, 2012 for the establishment of a satellite hospital and the relocation of an existing linear accelerator (LA) and initiation of LA services at this site. The estimated project cost was \$10,216,658.00.

Dan H. Elrod, Esq., addressed the Agency on behalf of the request. Responding to questions by members was Kathy Dittmar, Memorial Health Care System. Present in support were: Sandra P. Curtis, Director Strategic Planning, Memorial Health Care System and Andrew McGill, Vice President Strategy, Memorial Health Care System.

Mr. Elrod provided summation.

Ms. Jordan moved for approval of the request for two year extension of the expiration date from July 1, 2015 to July 1, 2017. Mr. Mills seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Austin, Fleming

NAY: None

### **Overton County Nursing Home - (Livingston, Overton County), TN - Project No. CN1204-017A**

Request for a six month extension to the expiration date from March 1, 2015 to September 1, 2015. On July 23, 2014 a six month extension was granted. The project was approved on July 25, 2012 for the modification by new construction and renovation of the existing 160-bed nursing home. The estimated project cost was \$6,344,844.00.

Dan H. Elrod, Esq., addressed the Agency on behalf of the applicant. Responding to questions by members was Jennifer Bouldin, Administrator, Overton County Nursing Home.

Mr. Elrod provided summation.

Mr. Wright moved for approval for the request of a six month extension of the expiration date from March 1, 2015 to September 1, 2015. Dr. Flora seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming

NAY: None

### **Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center - (Powell, Knox County), TN - Project No. CN1206-027A**

Request for modification to expand PET services from one day per week to three days per week. This project was approved September 26, 2012 for mobile PET services for one day per week. It was implemented April 8, 2013 with actual project cost being \$1,298,562.00.

Warren L. Gooch, Esq., addressed the Agency on behalf of the applicant.

Summation waived.

Mr. Mills moved for approval of the request for a modification to expand the PET services from 1 day per week to 3 days per week as requested by the applicant. Ms. Jordan seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming

NAY: None

**Maxwell Aesthetics, PLLC - (Nashville, Davidson County), TN - Project No. CN1303-009A**

*Ms. Burns recused.*

Request for a 2 year extension of the expiration date from August 1, 2015 to August 1, 2017. This project was approved on June 23, 2013 for the construction, development and establishment of an ambulatory surgical treatment center (ASTC) limited to plastic surgery with one (1) operating room. The estimated project cost was \$1,322,564.00.

E. Graham Baker, Jr., Esq. addressed the Agency on behalf of the applicant. Speaking in support was G. Patrick Maxwell, M.D. Rodney Lunn, CEO, PhyBus, LLC, was present in support.

Ms. Jordan moved for approval of the request for a 2-year extension of the expiration date from August 1, 2015 to August 1, 2017. Mr. Mills seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Austin, Fleming

NAY: None

**CONTESTED CASES UPDATE**

Mr. Christoffersen provided an update on contested cases.

**ADJOURNMENT**

Mr. Wright moved for adjournment. Mr. Mills seconded the motion. The motion CARRIED [9-0-0] by unanimous voice vote.

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming

NAY: None

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

\* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.

